

## Message Text

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PAGE 01 SAN JO 02787 171423Z  
ACTION OPIC-06

INFO OCT-01 ARA-14 ISO-00 EB-07 COME-00 ITC-01 /029 W  
-----180028Z 114132 /12

R 161956Z JUN 77  
FM AMEMBASSY SAN JOSE  
TO SECSTATE WASHDC 7799

UNCLAS SAN JOSE 2787

FOR OPIC

E.O. 11652: N/A  
TAGS: EFIN, CS  
SUBJECT: BRAKE FLUID MANUFACTURING

REF: STATE 110105

1. STATISTICS ON COSTA RICAN IMPORTATION OF BRAKE FLUID (IN CANS  
OR BOTTLES) ARE AS FOLLOWS:

YEAR	AMT. (KILOS)	VALUE (DOLLARS)
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1974	68,723	84,138
1975	65,870	110,551
1976(6MON)	25,224	44,203

2. PERMATEX COMPANY DE CENTROAMERICA, S.A. PRODUCES BRAKE  
FLUID LOCALLY FROM IMPORTED MATERIALS, THE FIRM CLAIMS TO  
BE PRODUCING APPROXIMATELY ONE THOUSAND CASES, (EACH CASE CONTAINING  
24 TWELVE OUNCE CAFS) PER WEEK, PLUS SOME GALLON CONTAINERS  
FOR SALE TO GARAGES AND VEHICLE REPAIR SHOPS. ACCORDING  
TO THE MANAGER, HIS BEST MARKET IS COSTA RICA, BUT  
PERMATEX ALSO EXPORTS BRAKE FLUID IN SUBSTANTIAL QUANTITIES  
TO THE OTHER CACM COUNTRIES. WE UNDERSTAND FROM TRADE  
CIRCLES THAT THERE ARE SALVADOREAN INTEREST IN PERMATEX.

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3. THE DUTIES AND TAXES LEVIED ON IMPORTED BRAKE FLUID IN  
COSTA RICA ARE:

A) 20 U.S. CENTS PER CONTAINER AND 25 PERCENT AD VALORE

B) 30 PERCENT OF THE TOTAL OF THE ABOVE DUTIES (SECOND  
PROTOCOL OF SAN SALVADOR)

C) 11 PER CENT SELECTIVE CONSUMER TAX, LEVIED ON THE TOTAL  
OF CIF PRICE AND A AND B ABOVE.

D) 10 PER CENT SURCHARGE LEVIED ON CIF PRICE.

E) 8 PER CENT RETAIL SALES TAX.

BRAKE FLUID PRODUCED IN COSTA RICA, OR ANOTHER CACM COUNTRY  
WOULD PAY ONLY TAXES DESCRIBED IN C) AND E).

4. IT IS DIFFICULT TO ASSESSTHE ADVISABILITY  
OF ESTABLISHING A BUSINESS TO MANUFACTURE  
BRAKE FLUID LOCALLY  
WITHOUT KNOWING WHETHER OR NOT THE SIZE OF THE  
MARKET WOULD BE SUFFICIENT TO SUPPORT ANOTHER PLANT OF  
ECONOMICALLY VIABLE SIZE.  
ANOTHER FACTOR TO CONSIDER WOULD BE THE COMPETITION PRESENTED  
BY IMPORTED BRAND NAME BRAKE FLUIDS WHICH ARE WELL ESTABLISHED  
IN THE LOCAL MARKET, UNLESS THE POTENTIAL INVESTORS ARE  
CONSIDERING THE LOCAL MANUFACTURE OF A WELL-KNOWN BRAND NAME  
UNDER LICENSE.  
KILDAY

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AUTOMOTIVE INDUSTRY, PRODUCTION DATA  
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**Copy:** SINGLE  
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**Office:** ACTION OPIC  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
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**SAS ID:** 2128003  
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**Subject:** BRAKE FLUID MANUFACTURING  
**TAGS:** EFIN, EIND, CS  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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